



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway - Suite A
Farmington, New Mexico 87401
www.blm.gov/nm



In Reply Refer To: NMNM99737
3162.3-1 (NMF0110)

February 26, 2013

SG Interests I LTD
P. O. Box 2677
Durango, CO 81302-2677

RCVD FEB 28 '13
OIL CONS. DIV.
DIST. 3

Dear Sirs:

Please be advised that the following approved Application for Permit to Drill (APD) has expired effective February 26, 2013. If you wish to drill these wells at some later date, you must file another application to permit to drill.

Federal 21-7-18 #3 located 1055' FSL & 1705' FWL, Section 18, T.21N., R. 7W, Sandoval County, New Mexico, Federal Lease NMNM99737, API Number: 30-043-21073

If any surface disturbance was conducted, you must file your plans for reclamation.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

If you have any questions, contact Virginia Barber at (505) 564-7754.

Sincerely,

Virginia Barber
Petroleum Management Team

CC: Well File
NMOCD **AV**
AFMSS/vbarber/rtn apd/SGInterest/02/26/2013

NOB: 2/18/09
APOP: #
MP: 7/17/09
BMA: BLT
BOND: #
CAPA: #

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 06 2009

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

SG Interests I, LTD c/o NIKA Energy Operating

3a. Address

P.O. Box 2677 Durango, CO 81302

3b. Phone No. (include area code)

(970) 259-2701

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

Unit Letter: N : 1055' FSL & 1705' FWL SESW

At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*

approximately 23 miles southwest of Counselor, New Mexico

15. Distance from proposed*

location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

1055'

16. No. of Acres in lease

2,244.0

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

See attached map

19. Proposed Depth

approx. 595'

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6,702 GR

22. Approximate date work will start*

as soon as permitted

17. Spacing Unit dedicated to this well

322.32

W/2 320.00 acres

20. BLM/BIA Bond No. on file

PIB0003277

NM1935 SW 25

23. Estimated duration

1 month

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office)

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature

Name (Printed/Typed)

Date

William Schwab III

6/29/2009

Title

President NIKA Energy Operating, Agent for SG Interests I, LTD

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

FFO

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

SG Interests I, LTD. proposes to drill a well to develop the Basin Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

The surface is under jurisdiction of the Bureau of Land Management, Farmington Field Office.

This location has been archaeologically surveyed by Aztec Archaeological Consultants. Copies of their report have been submitted directly to the BLM.

A new access road approximately 1,912.27 feet in length would be required for this location.

This APD is also serving as an application for an on-lease gas and water pipeline ties of approximately 1,912.27 feet; both to be parallel to the access road.

BLM'S APPROVAL OR ACCEPTANCE OF THIS
ACTION DOES NOT RELIEVE THE LESSEE AND
OPERATOR FROM OBTAINING ANY OTHER
AUTHORIZATION REQUIRED FOR OPERATIONS
ON FEDERAL AND BUREAU LANDS

FARMINGTON

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.9
and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"